

The Electricity Excise Tax Law, 35 ILCS 640/1 et seq., imposes a tax on the privilege of using in Illinois, electricity purchased for use or consumption and not for resale. (This is a GIL).

May 6, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated March 30, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

Per our telephone conversation today, and at your suggestion, I am sending you this fax asking the State of Illinois to write COMPANY a letter saying that we will not be assessed interest and penalty for the late payment of state sales tax owed on our consumption of electricity from BUSINESS during the months of July, August and September 1998. Also at your suggestion I will contact PERSON with the State of Illinois ##### to work out the details as to how COMPANY can pay Illinois the proper amount of sales tax due on our consumption of electricity during this period. Thank you for your assistance in this matter.

The Electricity Excise Tax Law, 35 ILCS 640/1 et seq., beginning with bills for electricity or electric service issued on and after August 1, 1998, imposes a tax on the privilege of using in Illinois, electricity purchased for use or consumption and not for resale. The Department has interpreted these provisions to mean that regardless of when service was rendered, if charges for such service and the tax related thereto are shown on a bill issued on and after August 1, 1998, the Electricity Excise Tax Law applies.

The Electricity Excise Tax Law allows non-residential consumers to become self-assessing purchasers in order to pay their tax liability directly to the Department. See 35 ILCS 640/2-10. When a self-assessing purchaser becomes registered and active, they no longer pay taxes to the utility for bills issued on and after the date they began self-assessing. Therefore, if a self-assessor began self-assessing on October 1, 1998, they would owe tax to the Department beginning with any bill they are issued on or after that date regardless of whether the electric service was rendered prior to that date. The first tax return for a self-assessing purchaser beginning on October 1, 1998 would be due November 15, 1998. This return should reflect the tax owed based upon the purchase price of electricity shown on any bill received during the month of October.

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If a self-assessor does not receive a bill from their supplier, they may either estimate the tax that is due, or they may file a return showing zero as the amount of tax owed. Due to the problems that at least one utility is having with its billing system, the Department will not issue penalties or interest if the self-assessors file a return by the due date using one of the two methods listed above. Further, if a self-assessor receives a bill from its utility in March 1999 for service rendered in July, August and September of 1998 they should report any tax due on their April 15, 1999 return and remit it to the Department at that time. In this situation, penalties or interest will not be assessed. If you receive such an assessment, please contact the Department.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk

Enc.